

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301  
Indianapolis, IN 46204  
(317) 233-0696  
<http://www.in.gov/legislative>

**FISCAL IMPACT STATEMENT**

**LS 7116**  
**BILL NUMBER:** HB 1542

**NOTE PREPARED:** Jan 18, 2015  
**BILL AMENDED:**

**Subject:** Various Alcoholic Beverage Matters.

**FIRST AUTHOR:** Rep. Dermody  
**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** ☒ **GENERAL**  
☒ **DEDICATED**  
**FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** This bill contains the following provisions:

*Applications for Permit Renewal:* It provides that the Alcohol and Tobacco Commission (ATC) may process an application for renewal of a permit for which a notice of violation has been issued by the office of the prosecutor of the ATC, if authorized by the ATC chairman or the chairman's designee. It also provides that the ATC shall allow a permittee to file an application for renewal not more than one year after the date the permit expires.

*Letter of Authority:* It requires the ATC to provide a letter of authority to operate upon the request of a permittee.

*Applications for Permits:* It allows the ATC to process a permit application while the location of the permit premises is pending and upon a showing of need by the applicant.

*Temporary Permits:* It requires the ATC to issue a temporary beer permit or temporary wine permit if: (1) the permit application is submitted not later than 48 hours before the event; and (2) the applicant meets all the requirements for a permit. It also allows the ATC to issue a temporary beer permit or temporary wine permit, with the authorization of the chairman or chairman's designee, if: (1) the application is submitted later than 48 hours before the event; and (2) all the requirements for a permit are met.

It also requires the holder of a supplemental caterer's permit to give the ATC 48 hours notice of a catered event (instead of 15 days notice of a catered event).

*Denial of Permits:* It removes an employee's permit from the permits that the ATC shall deny if the applicant for the permit has a tax delinquency.

*Penalty Provision:* It removes a provision that increases the penalty for an alcoholic beverage retailer or dealer to accept a gift from an alcoholic beverage manufacturer or other permittee from a Class A misdemeanor to a Level 6 felony if the value of a gift is at least \$750.

*Alcoholic Beverages in Senior Residence Facilities:* It allows a senior residence facility to, without an alcoholic beverage permit, possess and give or furnish an alcoholic beverage, by the bottle or by the glass, on the premises of the senior residence facility for consumption on the premises to: (1) a resident of the senior residence facility who is not a minor and who resides on the premises of the senior residence facility; or (2) a guest or family member of a resident who is not a minor and who is visiting the resident.

**Effective Date:** July 1, 2015.

**Explanation of State Expenditures:** *Letter of Authority:* The bill requires the ATC to provide a permittee with a letter of authority upon request, authorizing a permittee to perform the actions allowed under the permit until the permittee receives the permit. This provision could increase the ATC's administrative costs. However, the extent of the increase will depend on the number of requests for a letter of authority.

*Temporary Permits:* The bill reduces the amount of time the ATC has to approve applications for temporary beer and wine permits and catered events. Current law requires that applications are submitted to the ATC 15 days prior to the event. This provision could significantly increase the ATC's workload during busy periods. Existing staffing and resource levels, if currently being used to capacity, may be insufficient to process all applications in the shorter time frame provided by the bill. The additional funds and resources required could be supplied through existing staff and resources currently being used in another program or with new appropriations. Ultimately, the source of funds and resources required to satisfy the requirements of this bill will depend on legislative and administrative actions.

*Penalty Provision:* The bill potentially reduces the costs to the state if an offender is convicted of a misdemeanor rather than a felony for violation of IC 7.1-5-5-10. However, any cost reduction is likely to be small. Offenders convicted of a misdemeanor who are given a prison term are generally incarcerated in county jails. A Level 6 felony is punishable by a prison term ranging between 6 to 30 months or reduction to Class A misdemeanor.

**Explanation of State Revenues:** *Alcoholic Beverages in Senior Residence Facilities:* This bill is not expected to significantly impact state revenue. However, if the bill causes more alcoholic beverages to be consumed than would have been otherwise due to additional consumption in senior residence facilities, it could increase revenue from the Alcoholic Beverage Tax and the Sales Tax by an indeterminable amount.

Alcoholic Beverage Tax revenue is distributed in varying amounts to the following funds: state General Fund, Post War Construction Fund, Enforcement and Administration Fund, Pension Relief Fund, Addiction Services Fund, and Wine Grape Market Development Fund. Fifty percent of the General Fund distribution is allocated to cities and towns according to a formula based on population.

Sales Tax revenue is deposited in the state General Fund (98.848%), Motor Vehicle Highway Account (1%), Commuter Rail Service Fund (0.123%), and Industrial Rail Service Fund (0.029%).

*Penalty Provision:* The bill potentially reduces the revenue to the Common School Fund if additional court cases occur and accompanying fines are assessed. However, the revenue reduction is likely to be small. The maximum fine for a Class A misdemeanor is \$5,000, while the maximum fine for a Level 6 felony is \$10,000. Court fees for both misdemeanors and felonies are the same.

**Explanation of Local Expenditures:** *Penalty Provision:* This bill could increase local expenditures if offenders are incarcerated in local jails rather than in state prisons. However, any expenditure increase is likely to be small. A Class A misdemeanor is punishable by up to one year in jail.

**Explanation of Local Revenues:** *Alcoholic Beverages in Senior Residence Facilities:* Local revenues could increase to the extent that a local unit receives distributions from Alcoholic Beverage Tax or Sales Tax revenue. However, any increase is likely to be small.

**State Agencies Affected:** ATC.

**Local Agencies Affected:**

**Information Sources:** Jessica Allen, ATC.

**Fiscal Analyst:** Lauren Tanselle, 317-232-9586.